

**U. S. DEPARTMENT OF ENERGY
Office of the Secretary
Office of Economic Impact and Diversity**



**Report to Congress on
Small Business Programs
Fiscal Year 1998**

September 1999

Prepared by:

**Office of Small and
Disadvantaged Business Utilization**

Department of Energy
Report to Congress on Small Business Programs
Fiscal Year 1998

The United States Department of Energy is required to submit an annual report to Congress on its Small Business Programs and hereby submits its report for fiscal year 1998, in accordance with the Department of Energy Act of 1978—Civilian Applications, Public Law 95-238, as amended. This report covers acquisitions awarded by the Department and its major prime contractors. The Department, through the Office of Science, also reports annually to the Small Business Administration (SBA) on small businesses' participation in grants and funding of nonprofit organizations. SBA combines these reports with those from other agencies and provides the resultant annual Government-wide report to Congress.

This report, which is prepared by the Department's Office of Small and Disadvantaged Business Utilization, with statistics being provided by the Office of Procurement Assistance Management, highlights the Department's and its major contractors' prime and subcontracting awards to small, Section 8(a), other small disadvantaged, and woman-owned small business concerns. The Office of Small and Disadvantaged Business Utilization administers the Department's small business program and acts as the agency focal point for matters involving small, small disadvantaged and woman-owned small businesses.

In order to ensure that small businesses have reasonable present and future opportunities to participate in projects and activities of various types and sizes within each of its relevant defense and civilian programs, including, among other things, grants, contracts, purchases and other Federal activities relating to research, development, and demonstration of sources of energy efficiency, and utilization and conservation of energy, the Department continues to: 1) establish small business goals and monitor achievement by departmental programs and contracting activities, and with major prime contractors; 2) seek small businesses for technology transfer research and development opportunities; and 3) provide information to the small businesses community on doing business with the Department.

The Department's major contractors, i.e. management and operating contractors (M&Os), management and integration contractors (M&Is), and environmental restoration and waste management contractors (ERMCs), expend nearly 90 percent of departmental funding for major missions. Traditionally, contracts awarded by M&Os have been counted as prime contract awards, by authority granted the Department in fiscal year 1991 by the Office of Federal Procurement Policy, Office of Management and Budget. For fiscal year 1998 only, the Department and SBA agreed that contract awards made by M&Is and ERMCs would also be counted as prime contract awards. This is depicted in Enclosure 1, "Final FY 1998 Small Business Contracting Results," and was reported to SBA and the Federal Procurement Data Center as the official departmental achievement. To facilitate

comparison of fiscal year 1998 achievement to 1997, M&Is and ERMCS have been excluded from fiscal year 1998 statistics in Tables 1 and 2 and Charts 1 through 9.

Fiscal Year 1998 Achievement

The decline in small business achievement from \$2.7 billion (or 17.5%) in fiscal year 1997 to \$2.5 billion (or 16.6%) in fiscal year 1998 (Table 1), parallels the decline in the agency's budget. The overall downsizing of the federal sector, along with various federal procurement mechanisms and practices (e.g., Government-wide Acquisition Contracts and consolidation of requirements), may have contributed to the decline in small business contracting opportunities.

Similarly, prime contract awards to non-8(a) small disadvantaged businesses (Other SDB) also declined from \$469 million (or 3.1%) to \$363 million (or 2.4%) in fiscal year 1998. Only prime awards to woman-owned small businesses (WOB) increased during fiscal year 1998, from \$321 million (or 2.1%) in fiscal year 1997 to \$403 million (or 2.7%), a significant improvement. Prime contracting with 8(a) firms remained stable with a 2.2% share of the prime contracting base for both fiscal years 1997 and 1998.

Small business subcontracting performance declined in all categories (Table 2). Fiscal year 1997 small business subcontracting performance was \$824 million (or 54.4%) compared to fiscal year 1998 achievement of \$550 million (or 34.7%). Both SDB and WOB achievement declined from \$197 million (or 13%) and \$115 million (or 7.6%), respectively, in fiscal year 1997 to \$105 million (or 6.6%) and \$65 million (or 4.1%), respectively, in fiscal year 1998.

During fiscal year 1998, the Department continued to work aggressively to increase achievement in all small business categories. As in past years, a significant portion of the Department's activities in this area was funded by DOE entities and programs which are involved in nonnuclear research, development and demonstration. In collaboration with the Office of Procurement and Assistance Management, the Office of Small and Disadvantaged Business Utilization took the following policy and guidance actions:

- # Developed a comprehensive DOE/SBA Delegation of 8(a) Contracting Authority Memorandum of Understanding;
- # Collaborated with the Office of Procurement and Assistance Management on the development of new training regulations for Historically Under-utilized Business (HUB) Zone contracting;
- # Drafted proposed Mentor Protege regulations to replace the Mentor Protege Initiative Final Guidelines;

- # Collaborated with the Office of Procurement and Assistance Management on new guidelines for the 8(a) Pilot Program. The 8(a) Pilot Program, which is a business development program identical to the Small Business Administration's section 8(a) program, is conducted by the Department's major contractors.

Outreach

Other fiscal year 1998 outreach activities and events designed to inform small business concerns of, or provide them with, departmentally-related procurement opportunities included:

- Participation in the national observance of Minority Enterprise Development (MED) Week;
- Compilation and distribution of a "Forecast of Contracting and Subcontracting Opportunities" devoted entirely to opportunities for small businesses;
- Participation in activities of the U.S. Hispanic Chamber of Commerce, the California Hispanic Chamber of Commerce, and the Hispanic Association of Colleges and Universities;
- Review of departmental procurements of \$3 million and above for small business consideration;
- Recruitment of two new management and operating contractors (Mason & Hanger Corporation, Albuquerque, New Mexico and TRW Environmental Safety Systems, Las Vegas, Nevada) for the 8(a) Pilot Program;
- Launch of a Department-wide woman-owned small business campaign to provide outreach, marketing and training assistance;
- Initiation of a departmental Headquarters Speakers Service for woman-owned small business associations and organizations;
- Establishment of 10 additional Mentor Protege agreements between the Department and small disadvantaged businesses located in Richland, Washington, Oak Ridge, Tennessee, Beavercreek, Ohio, and Newington, Connecticut;
- Participation in the procurement fair at "Black Caucus Week" activity;
- Collaboration with the Departments of Defense and Agriculture, the National Aeronautics and Space Administration, and the Small Business Administration, to sponsor the first "Interagency Technology Transfer Day;"

- Co-hosting a DOE headquarters woman-owned small business marketing fair;
- Creation of a “Useful Internet Addresses” list for use by the public sector;
- Participation in the national observance of “Small Business Week.”

Future

New government-wide procurement mechanisms, i.e., 10 percent Price Adjustment Factor, Evaluation Factor and Subfactor, and HUBZone set-asides, are anticipated to increase opportunities to contract and subcontract with small business concerns in fiscal year 1999. Planned initiatives are to:

- Recruit a procurement analyst who will be responsible for closely monitoring field performance particularly by M&Os, M&Is, and ERMCS, against their FY 1999 goals;
- Sponsor a headquarters small business roundtable;
- Sponsor several HUBZone conferences in various locations;
- Sponsor a women-owned small business seminar;
- Participate in procurement activities of the American Indian community;
- Participate in procurement activities of the Asian American community;
- Monitor Government-wide purchase card activity at headquarters and field facilities to ensure that cardholders are seeking small business concerns;
- Develop a Memorandum of Understanding with SBA to maximize participation of women-owned small business contractors and subcontractors on departmental contracts.

The Department continues its commitment to ensure that a fair share of its prime and subcontracts is awarded to small, small disadvantaged and woman-owned small businesses.

Department of Energy
Small Business Program Contract Awards
Compared to Total Department of Energy Prime Contract Awards
(Dollars in Millions)

Fiscal Year	Total Prime Awards	SB Prime Awards (1)	SB% of Total Prime Awards	8(a) Prime Awards (2)	8(a) % of Total Prime Awards	Other SDB Prime Awards (1)	Other SDB % of Total Prime Awards	WOB Prime Awards (1)	WOB % of Total Prime Awards
1998	\$15,143	\$2,510*	16.6%	\$330*	2.2%	\$363*	2.4%	\$403*	2.7%
1997	\$15,160	\$2,650	17.5%	\$334	2.2%	\$469	3.1%	\$321	2.1%
1996	\$15,716	\$2,896	18.4%	\$356	2.3%	\$476	3.0%	\$425	2.7%
1995	\$16,375	\$3,304	20.2%	\$445	2.7%	\$534	3.3%	\$506	3.1%
1994	\$17,105	\$3,329	19.5%	\$340	2.0%	\$481	2.8%	\$418	2.4%

Legend: (1) Includes M&O subcontracts;

(2) Includes M&O 8(a) Pilot Program

*** Excludes M&Is and ERMCS for comparison purposes; contract awards by M&Is and ERMCS are counted as prime dollars in report to FPDC.**

SB = Small Business

SDB = Small Disadvantaged Business

WOB = Women-owned Small Business

NOTE: Labor Surplus Awards for: FY 1994 - \$535,791,000 (3.1%)
FY 1995 - \$387,323,000 (2.4%)

Table 1

**Department of Energy
Small Business Subcontracting Program
(Dollars in Millions)**

Fiscal Year	Total Subcontracting Award	SB Subcontracting Award	SB % of Total Subcontract Award	SDB Subcontract Award	SDB % of Total Subcontract Award	WOB Subcontract Award	WOB % of Total Subcontract Award
1998*	\$1,585	\$550	34.7%	\$105	6.6%	\$65	4.1%
1997	\$1,516	\$824	54.4%	\$197	13.0%	\$115	7.6%
1996	\$773	\$335	43.4%	\$70	9.0%	\$30	3.8%
1995	\$1,112	\$626	56.3%	\$107	9.6%	\$59	5.3%
1994	\$883	\$417	47.2%	\$76	8.7%	\$34	3.8%

SB = Small Business

SDB = Small Disadvantaged Business

WOB = Women-owned Small Business

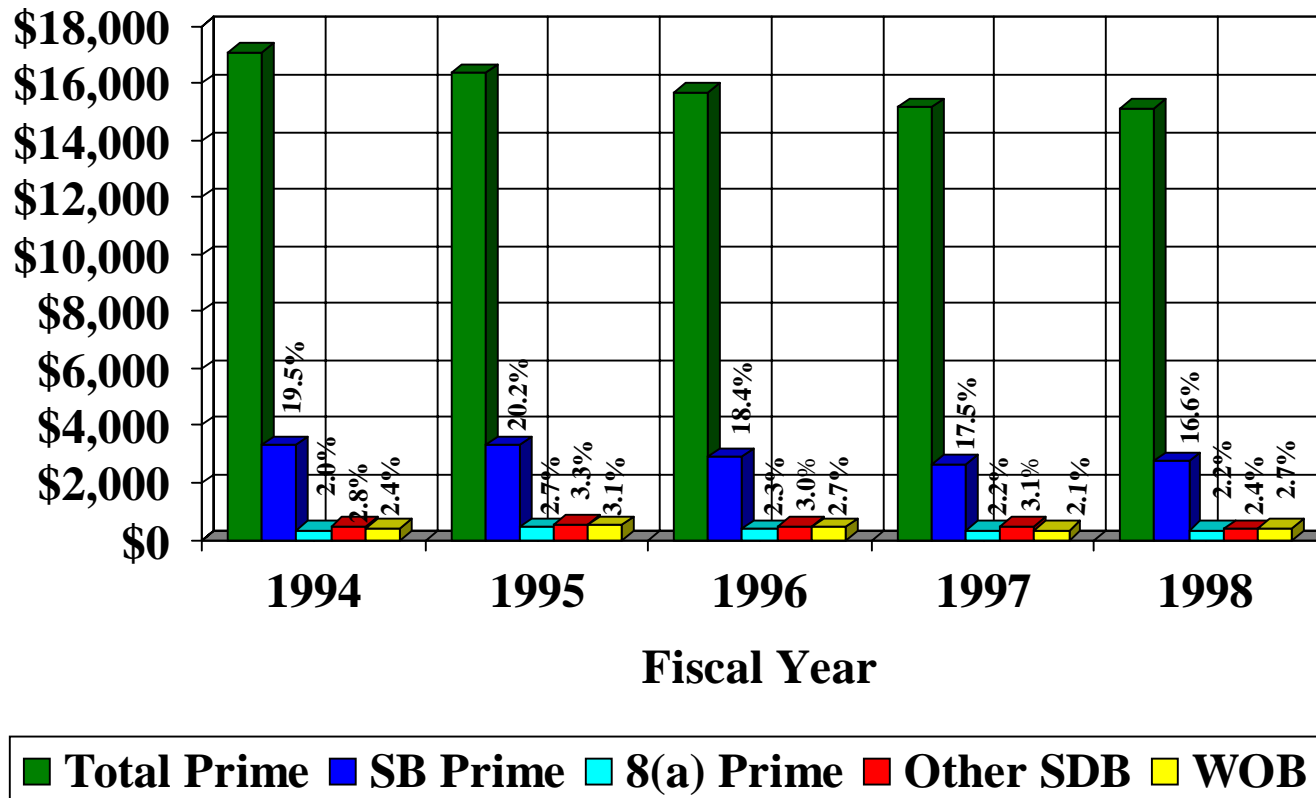
*** Includes M&Is and ERMCS for comparison purposes; contract awards by M&Is and ERMCS are counted as prime dollars in report to FPDC.**

Table 2

Department of Energy

Small Business Program Contract Awards Compared to Total DOE Prime Contract Awards

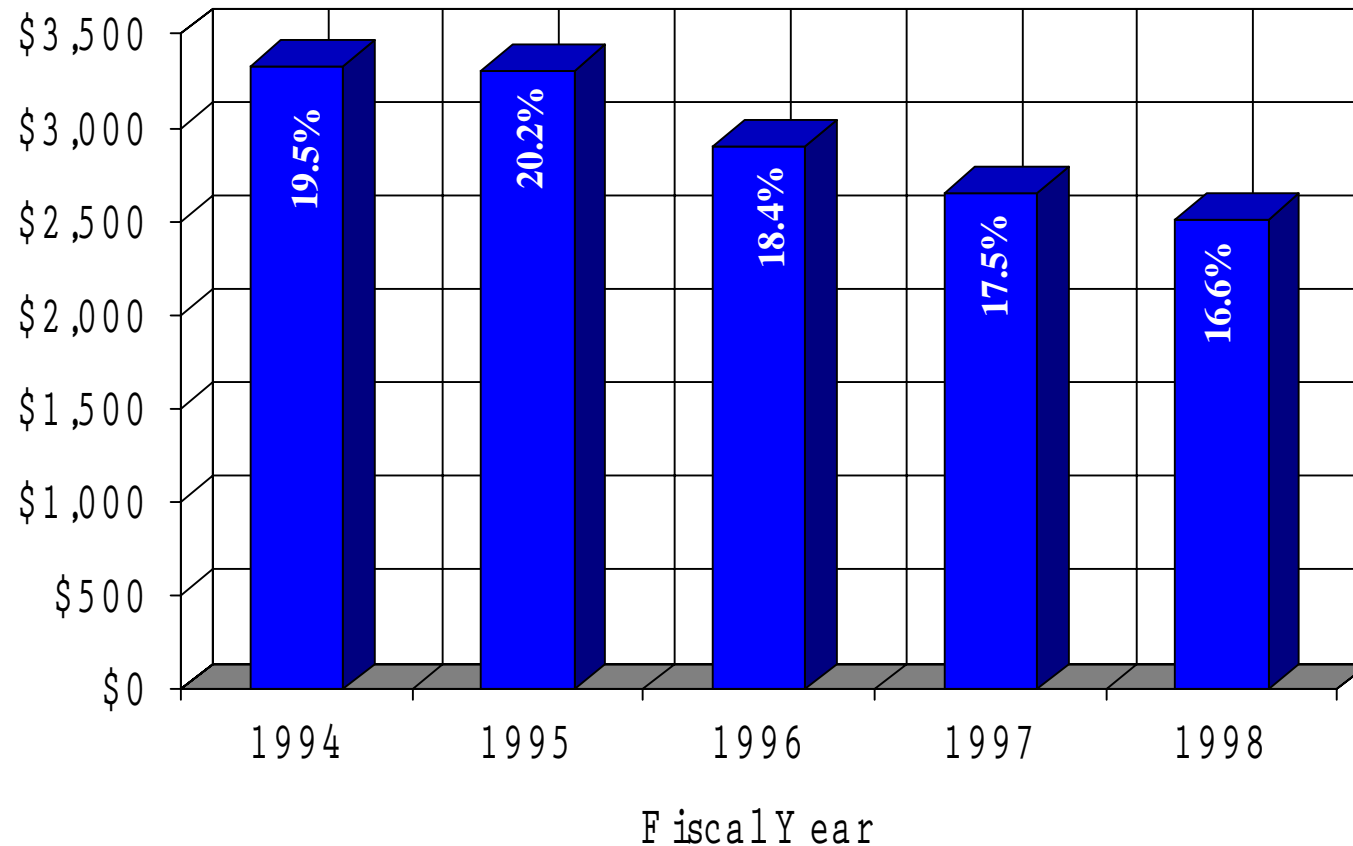
(Dollars in Millions)



Department of Energy

Small Business Prime Contract Awards

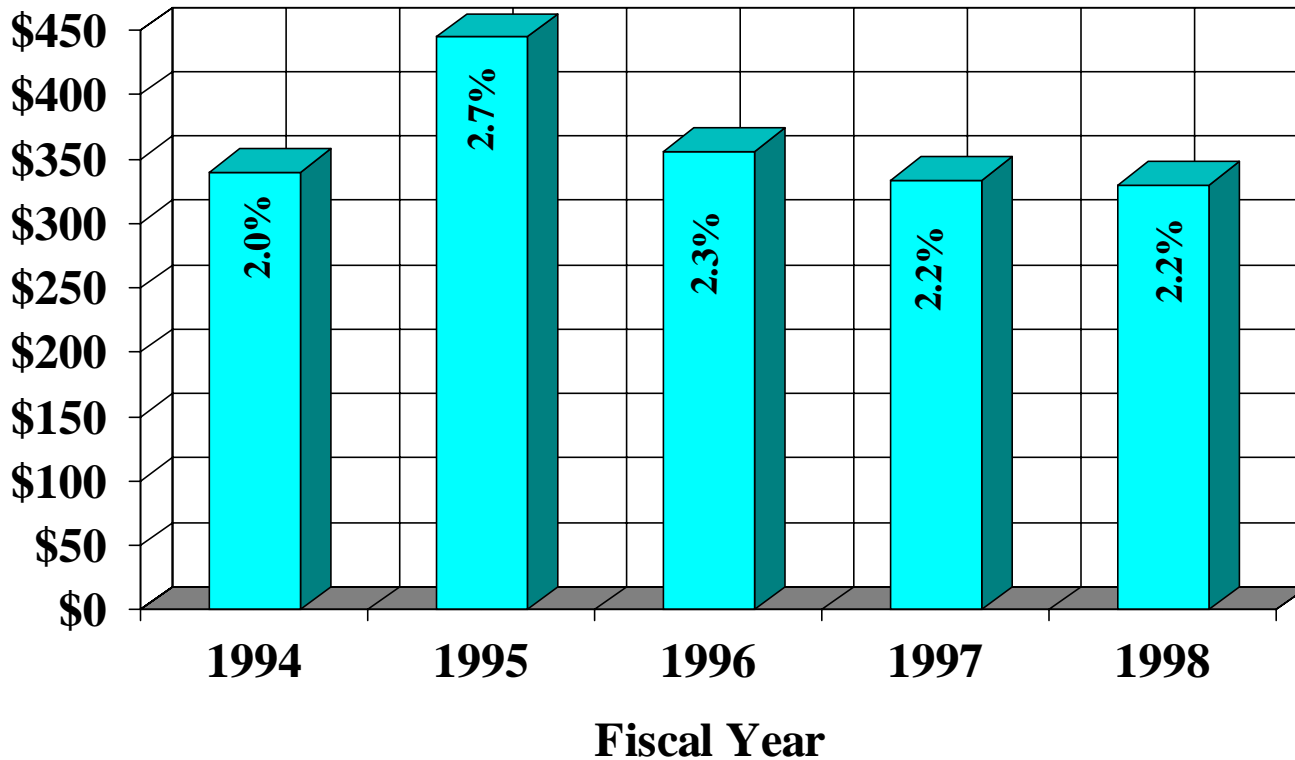
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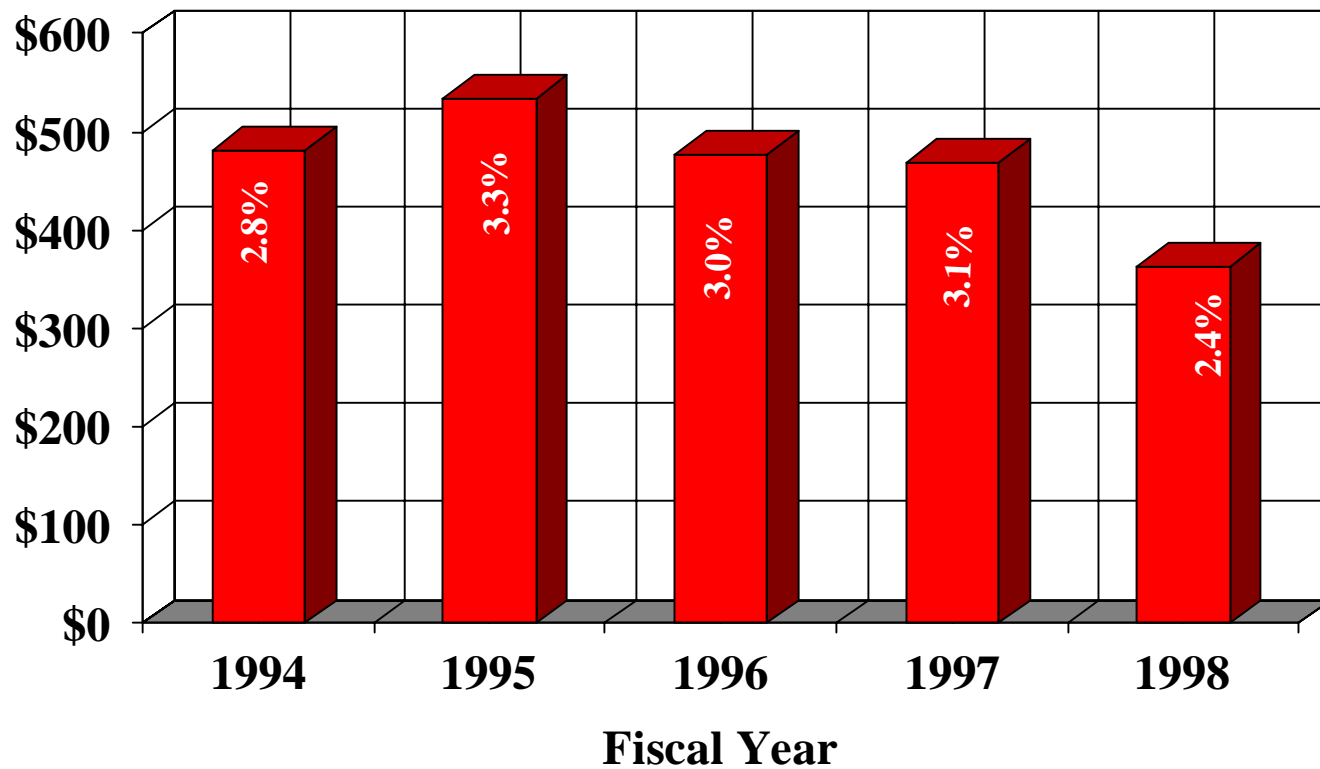
Department of Energy

8(a) Prime Contract Awards

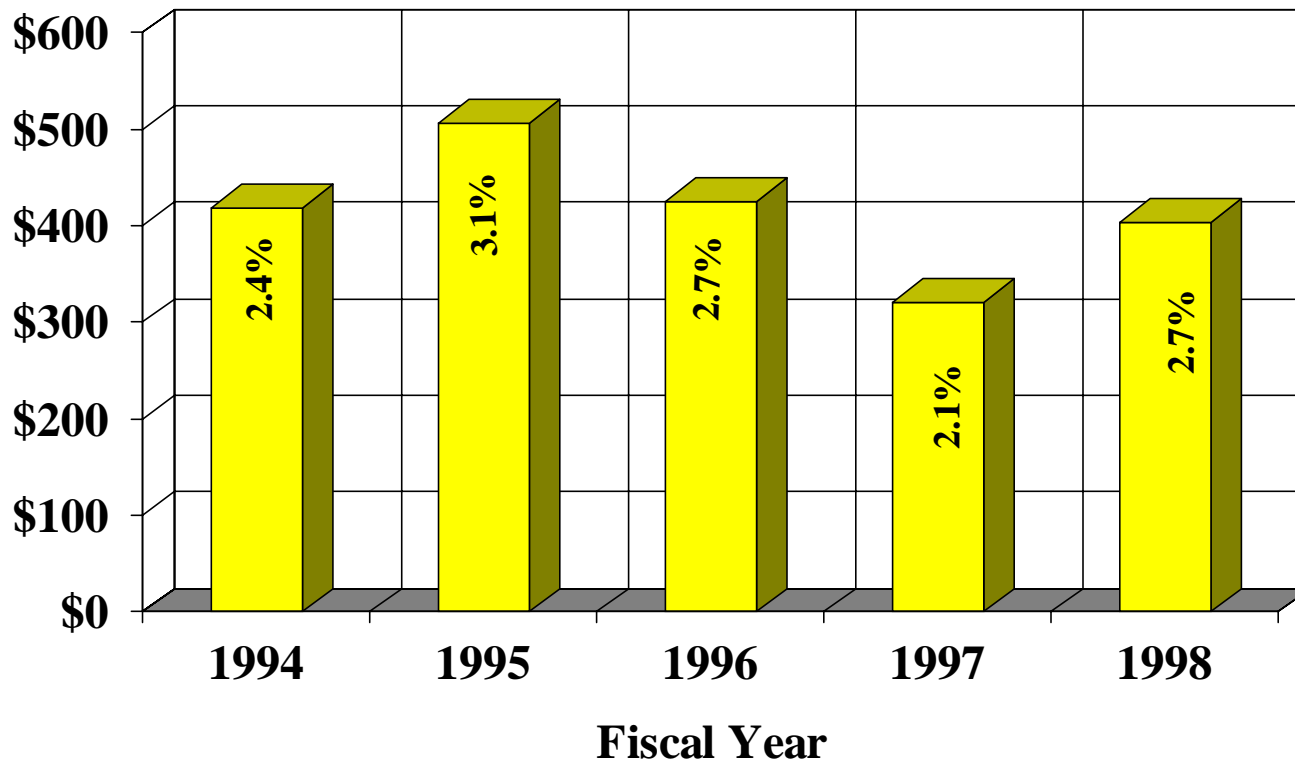
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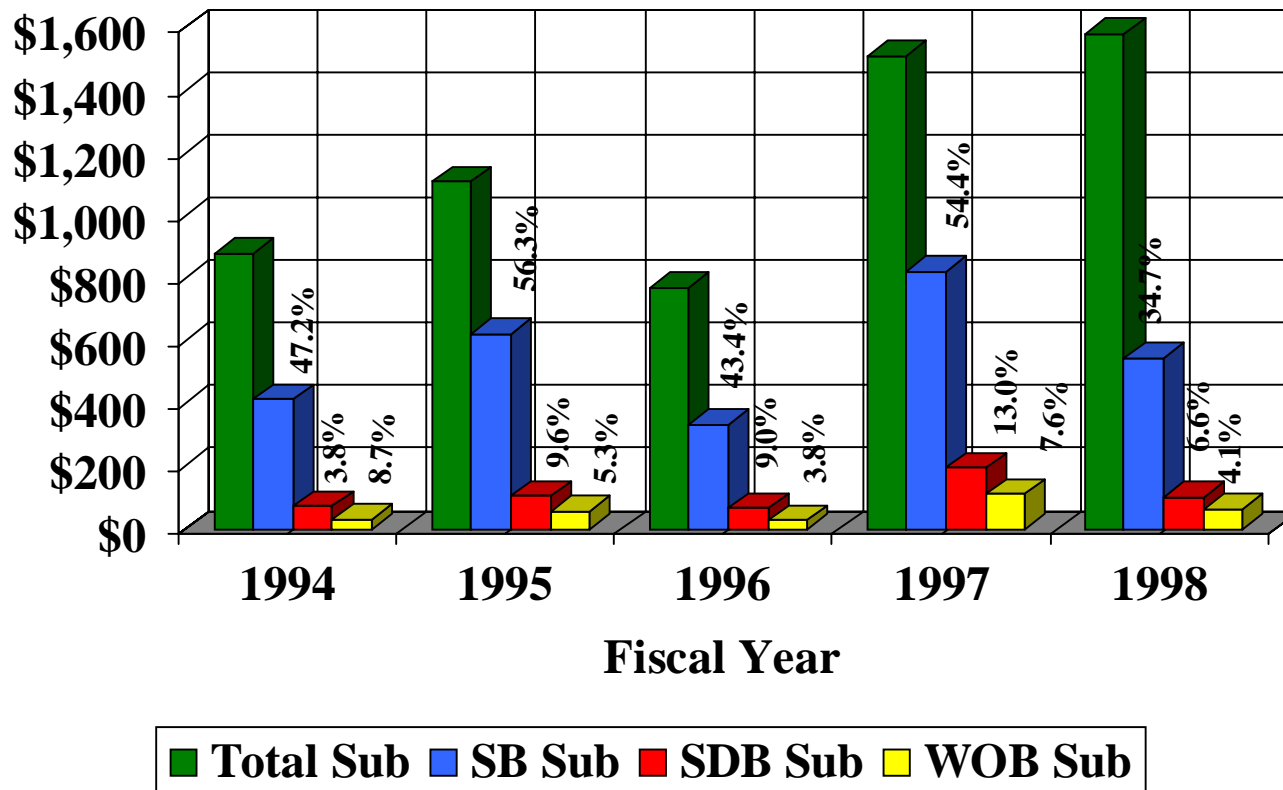
Department of Energy Other Small Disadvantaged Business (SDB) Prime Awards (Dollars in Millions)



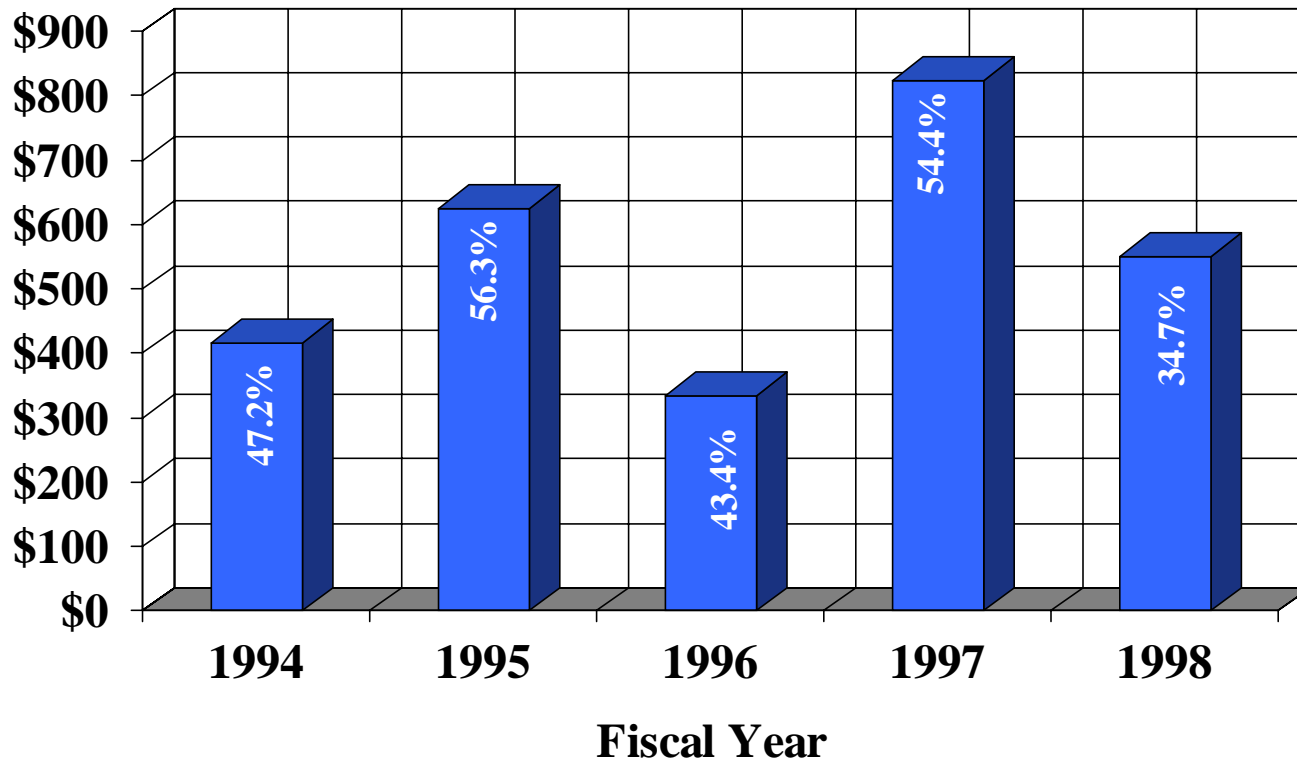
Department of Energy Women-Owned Small Business Contract Prime Awards (Dollars in Millions)



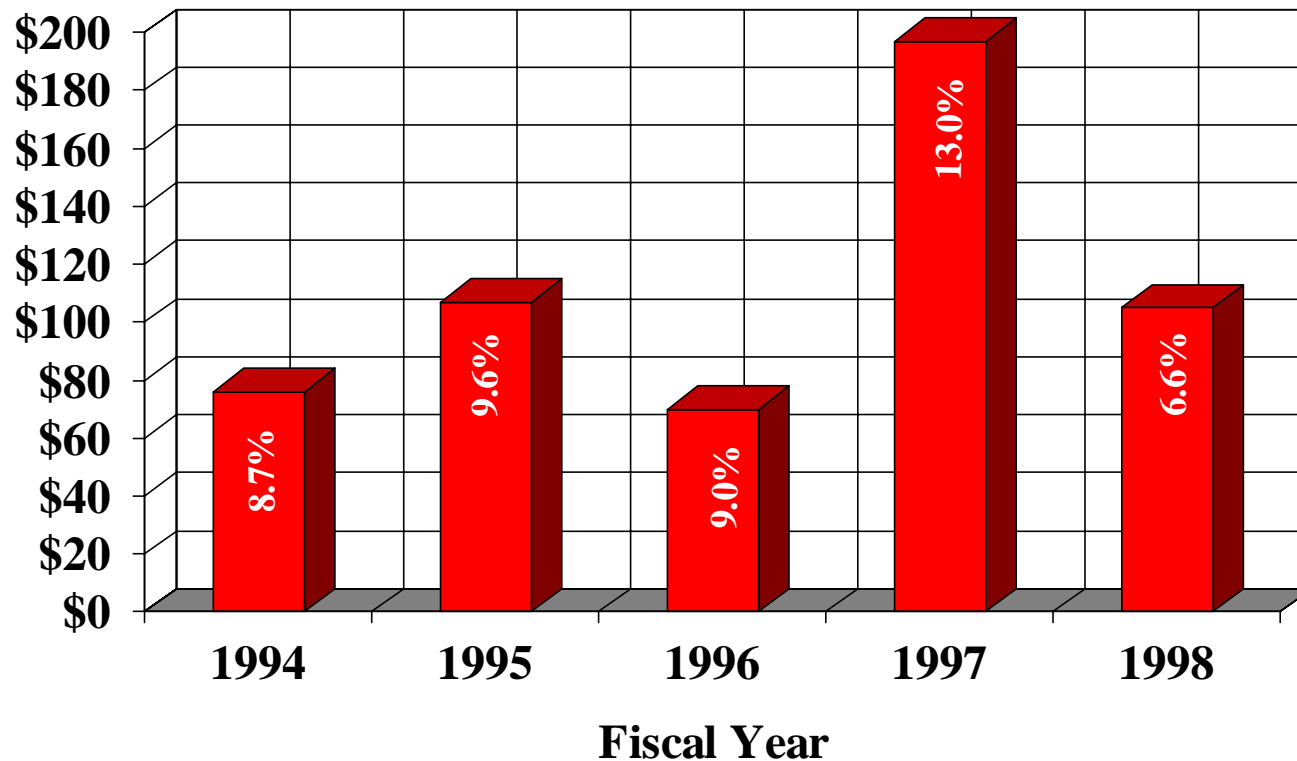
Department of Energy Small Business Subcontracting Program (Dollars in Millions)



Department of Energy Small Business Subcontract Awards (Dollars in Millions)



Department of Energy Small Disadvantaged Business Subcontract Awards (Dollars in Millions)



Department of Energy Women-Owned Business Subcontract Awards (Dollars in Millions)

